

STATE OF UTAH
OFFICE OF THE ATTORNEY GENERAL



JAN GRAHAM
ATTORNEY GENERAL

JAMES R. SOPER
Solicitor General

REED RICHARDS
Chief Deputy Attorney General

PALMER DEPAULIS
Director of Public Policy & Communications

September 16, 1999

Ms. Mary Ann Wright
Associate Director of Mining
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: In re Geneva Steel Co., U.S. District Court for the District of Utah Case No. 2:99cv-0077G and U.S. Bankruptcy Court for the District of Utah, Central Division, Case No. 99-21130-GEC (Chapter 11)

Dear Mary Ann:

As expected, Geneva Steel has served a Motion in the above-referenced bankruptcy case entitled, "Debtor's Motion for Order Approving Sale of Kiegley Quarry Property etc." A copy of the Motion is enclosed for your consideration. The buyer, Oldcastle, Inc., is obligated under Section 7 of the Letter Agreement described in the Motion to post an appropriate reclamation bond with DOGM (see Motion at Paragraph 3(o), page 9). The court hearing on the Motion is scheduled for a date when Tom Mitchell and I are scheduled to attend the Conference of Government Mining Attorneys in Kentucky (10/14/99), but that should not be a problem unless DOGM wants to oppose the sale. Is DOGM familiar with Oldcastle?

Very truly yours,

Patrick J. O'Hara
Assistant Attorney General

Encl.
cc:
(w/encl)
Mr. Lowell P. Braxton
Director
Division of Oil, Gas & Mining
1594 West North Temple,
Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

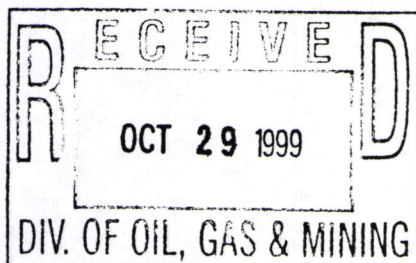
Mr. D. Wayne Hedberg
Permit Supervisor
Division of Oil, Gas & Mining
1594 West North Temple,
Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Thomas A. Mitchell, Esq.
Assistant Attorney General
Utah Attorney General's Office
160 East 300 South, 5th Floor
P.O. Box 140857
Salt Lake City, UT 84114-0857

File Number M/049/001

Effective Date Nov 9, 1999

Other Agency File Number - 7 -



STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

*Security & RC
replaced 9/2003.
this original returned
to operator 10/10/03.*

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/049/001

Limestone, Dolomite, Quartzsite

"MINE LOCATION":
(Name of Mine)
(Description)

Keigley Quarry in Utah County 6.5 miles
SW of Payson, UT at the south end of
West Mountain

"DISTURBED AREA":
(Disturbed Acres)
(Legal Description)

400 acres
(refer to Attachment "A")

"OPERATOR":
(Company or Name)
(Address)

Staker Paving and Construction Co. Inc.
1000 West Center Street
North Salt Lake, Utah 84054

(Phone)

(801) 298-7500

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

S. Val Staker

President

Staker Paving and Construction Co. Inc

P.O Box 27598 Salt Lake City, Utah 84127-0598

(801) 298-7500

"OPERATOR'S OFFICER(S)":

S. Val Staker, President

Gordon I. Staker, Vice-President

Lloyd M. LeFevre, Vice President C.O.O

Dan B. Lybbert, Sec. / Treas.

"SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Liberty Mutual Insurance Company
Bond #

"SURETY AMOUNT":

(Escalated Dollars)

\$ 615,500.00

"ESCALATION YEAR":

2003

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Staker Paving and Construction Company, Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/49/001 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated 6/22/77, and the original Reclamation Plan dated 6/22/77. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Staker Paving and Construction Company, Inc.
Operator Name

By Lloyd M. LeFevre
Authorized Officer (Typed or Printed)

Vice President C.O.O
Authorized Officer - Position

Lloyd LeFevre
Officer's Signature

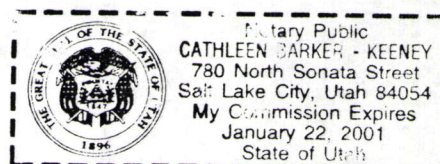
10-29-99
Date

STATE OF Utah)
COUNTY OF Davis) ss:

On the 29 day of October, 19 99, personally
appeared before me Lloyd LeFevre who being by
me duly sworn did say that he/she, the said individual
is the Chief Operating Officer of Staker Paving and Construction Company, Inc.
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
individual duly acknowledged to me that said
company executed the same.

Cathleen Barker Keeney
Notary Public
Residing at: Salt Lake City, UT

January 22, 2001
My Commission Expires:



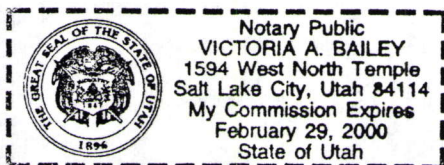
DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Director

11/9/99
Date

STATE OF UTAH)
COUNTY OF SALT LAKE) ss:

On the 9th day of November, 19 99,
personally appeared before me Lowell P. Braxton, who being
duly sworn did say that he/~~she~~, the said Lowell P. Braxton
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey
Notary Public
Residing at: SALT LAKE CITY, UT

February 29, 2000
My Commission Expires:

ATTACHMENT "A"

<u>Staker Paving and Construction Co., Inc.</u>	<u>Keigley Quarry</u>
Operator	Mine Name
<u>M/049/001</u>	<u>Utah</u> <u>County, Utah</u>
Permit Number	

The legal description of lands to be disturbed is:

The lands to be disturbed, consisting of Approximately 400 acres, are located within the following described areas:

SW1/4 Section 15; N1/2 SE1/4, SE1/4 SE1/4, Section 16; Section 22;
SW1/4 SW1/4 Section 23; W1/2 NW1/4 Section 26, NE1/4, E1/2 NE1/4 NW1/4
Section 27; Township 9 South, Range 1 East, SLB&M.

ATTACHMENT B

FORM MR-5

January 7, 1999

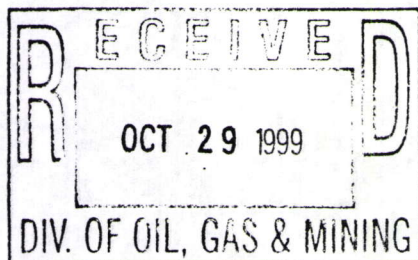
Bond Number

M/049/001

Permit Number

KEIGLEY QUARRY

Mine Name



STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

*Surety replaced
9/5/03. This
original returned
to operator 10/10/03*

THE MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned STAKER PAVING AND CONSTRUCTION COMPANY, INC., as Principal, and LIBERTY MUTUAL INSURANCE COMPANY, as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly and severally, unto the State of Utah, Division of Oil, Gas and Mining (Division) in the penal sum of SIX HUNDRED FIFTEEN THOUSAND FIVE HUNDRED dollars (\$ 615,500.00* * * * *).

Principal has estimated in the Mining and Reclamation Plan approved by the Division on the 23RD day of MARCH, 1989, that 400 acres of land will be disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract. of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

STAKER PAVING AND CONSTRUCTION COMPANY, INC.

Principal (Permittee)

S. Val Staker

By (Name typed):

President

Title

[Signature]

Signature

10/15/99
Date

Surety Company

LIBERTY MUTUAL INSURANCE COMPANY

Company Officer

TINA DAVIS, ATTORNEY-IN-FACT

Title/Position

[Signature]

Signature

60 EAST SOUTH TEMPLE, STE. 1600

Surety Company Address

SALT LAKE CITY, UTAH 84111

City, State, Zip

10/15/99

Date

SO AGREED this 7 day of November, 1999.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

Lowell P. Braxton

Lowell P. Braxton, Director
Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

AFFIDAVIT OF QUALIFICATION

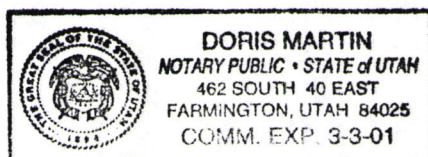
On the 15TH day of OCTOBER, 1999, personally appeared before me
TINA DAVIS who being by me duly sworn
did say that he/she, the said TINA DAVIS is the ATTORNEY-IN-FACT
of LIBERTY MUTUAL INSURANCE COMPANY and duly acknowledged that said instrument
was signed on behalf of said company by authority of its bylaws or a resolution of its board of
directors and said
TINA DAVIS duly acknowledged to me that said company executed
the same, and that he/she is duly authorized to execute and deliver the foregoing obligations;
that said Surety is authorized to execute the same and has complied in all respects with the laws
of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Signed: [Signature]
Surety Officer

Title: TINA DAVIS, ATTORNEY-IN-FACT

STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

Subscribed and sworn to before me this 15TH day of OCTOBER, 1999.



Doris Martin
Notary Public
Residing at: FARMINGTON, UTAH

My Commission Expires:

3/3/01, 19

This Power of Attorney limits the act of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

LIBERTY MUTUAL INSURANCE COMPANY
BOSTON, MASSACHUSETTS

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Liberty Mutual Insurance Company (the "Company"), a Massachusetts mutual insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint,

VICKI SORENSEN, JACE PEARSON, TINA DAVIS, DORIS MARTIN, KAREN HONE, ALL OF

THE CITY OF SALT LAKE CITY, STATE OF UTAH

, each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **SEVENTY-FIVE MILLION AND 00/100***** DOLLARS (\$ 75,000,000.00*****)** each, and the execution of such bonds or undertakings, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE XVI - Execution of Contracts: Section 5. Surety Bonds and Undertakings.

Any officer or other official of the company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the company by their signature and execution of any such instruments and to attach thereto the seal of the company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article XVI, Section 5 of the By-laws, Assistant Secretary Garnet W. Elliott is hereby authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization above set forth are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this instrument has been subscribed by its authorized officer and the corporate seal of the said Liberty Mutual Insurance Company has been affixed thereto in Plymouth Meeting, Pennsylvania this 10th day of August, 1999.

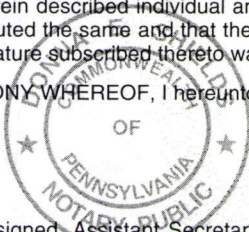
LIBERTY MUTUAL INSURANCE COMPANY

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 10th day of August, A.D. 1999, before me, a Notary Public, personally came the individual, known to me to be the therein described individual and officer of Liberty Mutual Insurance Company who executed the preceding instrument, and he acknowledged that he executed the same and that the seal affixed to the said preceding instrument is the corporate seal of said company; and that said corporate seal and his signature subscribed thereto was duly affixed and subscribed to the said instrument by authority and direction of the said company.

IN TESTIMONY WHEREOF, I hereunto set my hand and affix my official seal at Plymouth Meeting, PA, the day and year first above written.



NOTARIAL SEAL
DONNA E. SHIELDS, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Feb. 2, 2002

Donna E. Shields
Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Liberty Mutual Insurance Company, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer who executed the said power of attorney was one of the officers specially authorized by the chairman or the president to appoint any attorney-in-fact as provided in Article XVI, Section 5 of the By-laws of Liberty Mutual Insurance Company.

This certificate may be signed by facsimile under and by authority of the following vote of the board of directors of Liberty Mutual Insurance Company at a meeting duly called and held on the 12th day of March, 1980.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company wherever appearing upon a certified copy of any power of attorney issued by the company, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 15TH day of OCTOBER, 1999



[Signature]
Assistant Secretary

THIS POWER OF ATTORNEY MAY NOT BE USED TO EXECUTE ANY BOND WITH AN INCEPTION DATE AFTER August 10, 20 01.

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call

ATTACHMENT "A"

<u>Staker Paving and Construction Co., Inc.</u>	<u>Keigley Quarry</u>
Operator	Mine Name
<u>M/049/001</u>	<u>Utah</u> County, Utah
Permit Number	

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Section 27; Township 9 South, Range 1 East, SLB&M.